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CITY & TOWN

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Legislative Changes Affecting the Appellate Tax Board *written by Bruce Stanford*

With the enactment of Chapter 485 of the Acts of 1998, the Legislature instituted a number of changes affecting the Appellate Tax Board (ATB). Some of these changes have major significance to cities and towns since the ATB plays a key role in the process whereby local residents may seek abatements of property taxes and other local charges. To request an abatement, residents must, initially, file a timely application with the city or town board or officer that assessed the respective tax or other charge, generally the assessors. An applicant dissatisfied with the outcome of an application may appeal to the ATB. This board possesses extensive jurisdiction to decide appeals relating to a wide range of assessments, including property taxes and motor vehicle excises. The ATB, in addition, has authority to decide appeals concerning state owned land valuation, exemption eligibility, property classification, and equalized values.

One change accomplished by Chapter 485 of particular importance to cities and towns deals with the authority of local assessors to settle assessment disputes during a discrete interval of time. This time period is the interval following the assessors' denial of an abatement application but before the applicant makes a formal appeal to the ATB. Formerly, assessors could enter into such agreements only in cases of "deemed denials," that is, cases in which they had failed to act upon an abatement application within three months, or a mutually agreed upon later time, after having received it. In such

cases, abatement applications become automatically denied by operation of law. Pursuant to the new change, however, assessors can enter into settlement agreements in cases of actual denials, also, as well as in cases of deemed denials. In either instance, settlements during this time period must be final settlements; neither party may subsequently appeal an agreement.

The fact that this new settlement authority pertains only to the time period after a denial and before an appeal to the ATB does not mean, certainly, that assessors can only settle during this limited period. On the contrary, assessors always possess the authority to abate a tax or charge, in whole or in part, after an appellant has timely appealed to the ATB.

Another change of significance to cities and towns implemented by Chapter 485 relates to a requirement that some taxpayers must pay taxes in advance in order to be eligible to make an appeal to the ATB. This prepayment requirement applies to taxpayers who own real property for which the total tax for any fiscal year is more than \$3,000. Such persons must timely pay all installments as they become due in order for the ATB to have authority to decide an appeal relating to that property. Formerly the threshold was \$2,000. Chapter 485 increased it to \$3,000.

No prepayment requirement exists, at all, at the local level. Whether a property owner is current with tax payments has no bearing either on that person's eligibility to receive or the assessors'

jurisdiction to grant abatements. At the same time, however, applying for an abatement does not postpone the collection process. Interest will accrue on any delinquent amount, and collection fees may be added to a tax or other charge not timely paid.

Another change, which is of specific interest to municipal assessors, concerns appeals to the ATB in years succeeding a year for which the board determined the value of a parcel of real estate. Ordinarily, an appellant bears the burden of proof at the ATB. To prevail, the appellant must prove the assessors' valuation is incorrect. However, the burden of proof shifts to the assessors for a prescribed period of time if they determine the value of a parcel to be greater than the value determined by the board. To prevail, the assessors must prove the correctness of their value. Formerly, the shift of the burden of proof extended to the following three years. Chapter 485 reduced to two years the period during

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Legislative Changes

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which the burden of proof in such cases is upon the assessors instead of the appellant.

A further change of special interest to assessors involves an appellant's including multiple parcels of real estate in a single appeal to the ATB. Formerly, an appellant had latitude to file such an appeal; however, the ATB, upon receiving notice, could require each parcel be the subject of a separate petition. Under the amendment, an appellant cannot include multiple parcels in a single petition without obtaining express authority from the board to do so.

Many of the other changes implemented by Chapter 485 are intended to enhance the ATB's effectiveness and reduce its caseload. For one thing, the statute alters the criteria defining cases which may be decided by a single board member, instead of requiring a vote of the entire board. Formerly, a single member could only resolve cases, single-handedly, in which the assessed value of the property involved in the appeal did not exceed \$300,000 or, with the written consent of the parties, \$500,000. Chapter 485 raised these levels to \$500,000 and \$750,000, respectively, thereby increasing the number of cases that may be decided by a single member.

As another means to increase the efficiency and reduce the caseload of the board, the new provisions authorize the board to add additional personnel. Specifically, the board may appoint additional members to work full-time, but on a temporary basis, for a one-year period, which may be extended for an additional year, if necessary. The temporary members may resolve cases eligible to be decided by single members. The statute also specifically authorizes the board to appoint five attorneys, as well as other employees, including additional clerks. Of course, all additional appointment authority is subject to sufficient appropriation.

Additionally, Chapter 485 imposes a number of strict deadlines on board members. For example, it specifies that members must, in general, render decisions within three months of the closing of a case. Similarly, if either party to a decision requests a report and findings of fact, the statute requires the preparation of these materials within a similar time period.

The statute, moreover, imposes substantial accountability upon members of the board. For one thing, it subjects them to annual, written performance reviews. Members will be evaluated based, in part, on their efficiency and fairness in conducting hearings, their promptness in issuing single member decisions, their contribution to issuing expeditious findings of facts and reports, and their role in the management and reduction of the board's caseload. The statute also requires an annual report to the Legislature. The report must provide "the aggregate number and type of cases assigned to each member, the manner by which each case was disposed of and the average length of time for issuing a decision."

As another way to reduce the ATB's caseload, Chapter 485 authorizes the utilization of alternative dispute resolution techniques. The statute directs that such techniques, including mediation and arbitration, be conducted upon terms and conditions established by the parties, with the approval of the board.

Taken together, the numerous changes introduced by Chapter 485 should significantly improve the administration of the abatement process. By amplifying the ATB's efficiency and reducing its backlog of cases, these changes should result in substantial benefits to cities and towns. ■

Property Tax Chief Named

Last month Revenue Commissioner Frederick A. Laskey announced the appointment of Bruce Stanford, Esq. to the position of Property Tax Bureau Chief in the Division of Local Services. An attorney specializing in municipal law, Bruce has been with the Division of Local Services for 15 years where he has made many significant contributions. Three recent accomplishments come to mind. First, Bruce prepared the *Motor Vehicle & Trailer Excise Manual*, a booklet which has become indispensable to local assessors and tax collectors. Second, his close cooperation with the Massachusetts Treasurers and Collectors Association produced the first updated *Collector's Manual* in several years. Third, Bruce was the recipient of two statewide awards for his part in the Regulation Review Project. He received the Governor's Pride in Performance Award for his leadership in developing the "how to" guide to writing regulations and the Manual Carballo Governor's Award for Excellence in Public Service for his part in the team that eliminated 22 percent of government regulations and modified another 49 percent.

A graduate of the University of Massachusetts at Amherst and Suffolk University Law School, Bruce is a lifelong resident of Cape Cod. He and his wife Melissa have five children. His past municipal experience as a selectman/assessor and school committee member in the Town of Sandwich further adds to his value in the Division and to local officials.

Bruce replaces Harry Grossman, who served as Chief of the Property Tax Bureau for 12 years. Harry, who was promoted to First Deputy Commissioner of Revenue in 1997, recently has been given special responsibility for the resolution and settlement of tax disputes. ■

FOCUS

on Municipal Finance

1998 Equalized Valuations

The Equalized Valuations (EQVs) for Massachusetts for 1998 reflect an 8.2 percent increase from the 1996 EQVs. This article examines the results of the EQV study for 1998 as well as cumulative changes in EQVs between 1988 and the present. The latter five EQVs illustrate the shifts in property values statewide.

Every even numbered year, the Commissioner of Revenue is required to develop an estimate of the fair cash value of all taxable property in each city and town as of January 1 of that year.¹ This estimate is called the equalized valuations or EQVs. The purpose of EQVs is to present municipal property values in a comparable manner by adjusting for the differences in local assessing practices and revaluation schedules. There are three major uses for these "equalized" values: the allocation of certain state aid distributions, the calculation of various state and county assessments to municipalities, and the determination of municipal debt limits.

EQV Methodology

Assessed values as of January 1, 1997 (FY1998) served as the starting point for calculating the 1998 EQVs. For residential property, these values were compared to sales prices for the preceding year, January 1 through December 31, 1996. Only arms-length sales were included in this comparison. These are sales between a willing buyer and seller without any unusual circumstances or conditions. Excluded were non-arms-length sales, such as those between relatives, court ordered sales or other non-fair markets sales.

As a result of the analysis of the relationship between the assessed value and the price for residential property which

actually sold, a composite assessment sales ratio (assessed value/market value) was determined for each city and town. The total assessed value was then divided by the composite sales ratio to estimate the fair market value of the residential class.

Since there were few arms-length sales of commercial and industrial properties, the sales ratio sampling technique could not be used as the sole estimate of the fair market value for these property classes. Therefore, market appraisals, direct income capitalization information, and other sales and economic data were used in addition to sales data to determine the fair market value of these classes.

The 1998 EQVs are the sum of the estimated fair market value for each property class plus an estimate of new growth, resulting in values indicative of January 1, 1998. The Division of Local Services sent proposed 1998 EQVs to the cities and towns by June 10, 1998.

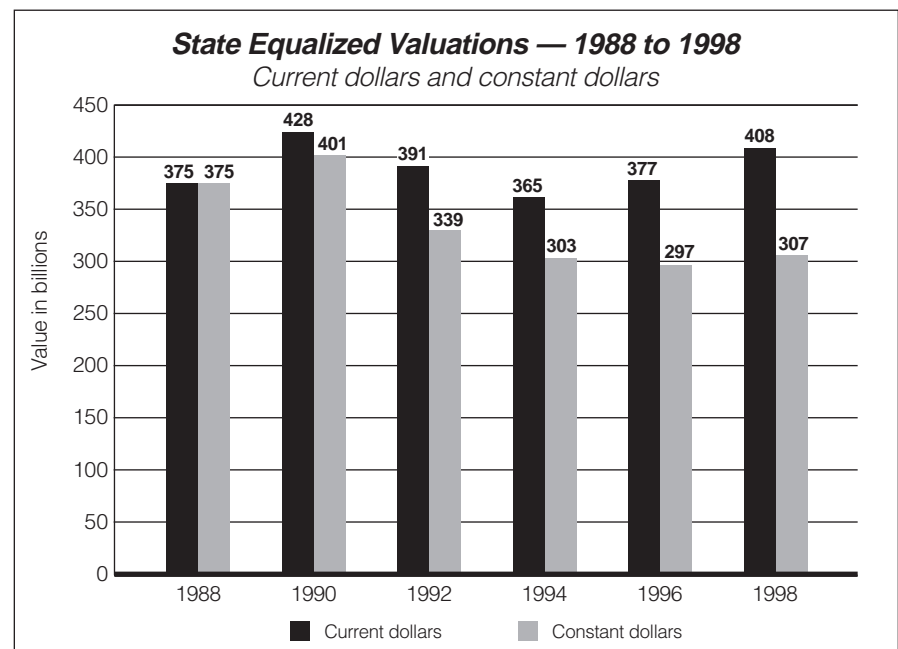
After public hearings on the proposed values, communities were notified of any revisions by July 20. Although the municipalities had until August 10 to appeal their values to the Appellate Tax Board, there were no appeals. Final 1998 EQVs were sent to the legislature early in calendar year 1999 for adoption as House Bill 1001.

Uses of EQV

Since EQVs provide uniform and comparable estimates of property values across the state, they are often used as an indicator of municipal wealth in local aid formulas. For example, EQVs are used in some distribution and assessment formulas in which communities with lower property values receive proportionately more aid or are charged less than those with higher property values. The 1998 EQVs will be used to calculate certain state distributions and assessments for FY2000 and FY2001. Local aid receipt programs

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Figure 1



Municipality	1996 EDV	1998 EDV	96 to 98 EDV % change	Rate per capita
Abington	718,443,400	759,319,700	5.69%	51,714
Acton	1,666,438,600	1,367,427,500	12.06%	99,063
Acoushnet	453,683,700	454,254,900	0.13%	300
Adams	310,627,800	318,941,200	2.68%	35,656
Agawam	1,394,724,700	1,471,926,500	5.54%	55,085
Alford	87,499,300	94,855,400	8.41%	229,674
Amesbury	797,621,300	859,771,400	7.79%	54,471
Annebeth	1,046,631,600	1,094,394,100	4.56%	30,855
Andover	3,072,063,800	3,323,811,700	14.71%	114,072
Arlington	2,999,301,600	3,182,030,200	6.09%	72,989
Asbunham	254,842,400	268,606,300	4.62%	48,731
Asby	129,782,200	139,042,000	7.13%	47,390
Ashtield	115,963,300	114,846,100	-0.97%	65,852
Ashtland	903,463,400	965,638,700	6.88%	74,624
Athol	363,713,800	353,288,100	-2.87%	31,662
Athleboro	1,698,474,700	1,757,870,000	3.50%	44,993
Auburn	875,955,700	928,918,600	5.82%	61,786
Avon	406,242,600	434,236,200	6.89%	94,174
Ayer	550,418,300	570,214,600	3.60%	77,286
Barnstable	4,825,386,900	5,168,638,100	7.11%	118,278
Barre	191,231,300	193,356,200	1.11%	40,241
Becket	207,417,500	222,583,500	7.31%	147,309
Bedford	1,293,047,700	1,412,198,800	9.21%	103,261
Belchertown	583,085,000	611,075,300	4.80%	51,980
Bellingham	958,717,400	1,051,041,800	9.63%	67,617
Belmont	2,376,571,300	2,540,168,700	6.88%	105,647
Berkley	289,696,600	302,142,300	4.30%	57,705
Berlin	187,963,600	229,258,100	21.44%	97,881
Bernardston	104,335,900	104,335,900	4.13%	51,956
Beverly	2,365,546,000	2,616,644,400	10.61%	67,796
Billerica	2,208,107,500	2,395,219,500	8.47%	61,636
Blackstone	339,983,500	361,943,600	6.46%	43,766
Blanford	83,610,000	79,990,800	-4.44%	70,273
Botton	376,737,000	440,019,300	16.80%	134,193
Boston	31,075,293,700	35,853,362,600	15.38%	64,208
Bourne	1,437,733,300	1,543,900,100	7.38%	88,077
Boxborough	402,723,400	457,289,800	13.54%	114,921
Boxford	757,512,100	889,397,100	17.48%	104,083
Boylston	265,089,100	284,257,500	7.23%	74,982
Braintree	2,449,092,000	2,720,639,100	11.08%	78,387
Brewster	1,199,552,100	1,199,120,800	6.16%	129,481
Bridgewater	997,392,300	1,075,584,200	7.84%	45,999
Brimfield	174,995,500	179,292,000	2.46%	57,967
Brockton	2,811,051,100	2,894,652,600	2.97%	31,353
Brookfield	121,898,800	119,382,000	-2.06%	40,954
Brookline	5,048,485,400	5,637,538,000	11.67%	104,135
Buckland	104,410,600	100,807,800	-3.45%	51,883
Burlington	2,048,425,400	2,342,120,200	14.34%	99,894
Cambridge	7,593,801,600	8,569,361,200	12.85%	91,448
Canton	1,670,684,300	1,883,189,000	12.72%	92,704
Carlisle	574,967,000	646,085,300	12.37%	140,484
Carver	490,285,400	536,249,600	9.37%	47,502
Charlmont	61,392,300	69,337,100	13.11%	54,409
Charlton	531,720,300	554,397,200	4.26%	55,038
Chatham	1,628,155,200	1,814,375,400	11.44%	261,815
Chelmsford	2,129,612,700	2,298,992,900	7.95%	68,659
Chelsea	812,415,200	839,088,900	3.28%	30,393
Cheshire	154,073,000	169,471,800	3.07%	44,724
Chester	64,771,800	67,070,700	3.55%	53,571
Chesterfield	62,050,000	67,279,300	8.43%	60,017
Chicopee	2,009,630,800	2,017,478,000	0.39%	36,996
Chilmark	59,061,200	904,638,400	8.98%	1,184,082

Municipality	1998 EDV	96 to 98 EDV % change	Rate per capita	1998 EDV	96 to 98 EDV % change	Rate per capita	Municipality	1998 EDV	96 to 98 EDV % change	Rate per capita	1998 EDV	96 to 98 EDV % change	Rate per capita	
Methuen	1,922,748.900	1.90%	47.752	1,959,211.600	1.90%	47.752	Princeton	234,529.700	3.95%	73.192	156	524,052.400	19.78%	64.050
Middleborough	918,457.000	8.45%	51.881	996,109.100	8.45%	51.881	Provincetown	588,630.600	22.01%	195.105	21	77,096.000	3.69%	217.229
Middlefield	31,068.600	5.80%	73.373	32,870.300	5.80%	73.373	Quincy	4,498,810.500	3.66%	54.522	246	402,725.600	6.99%	80.693
Middletown	553,789.900	14.60%	112.847	634,654.000	14.60%	112.847	Randolph	1,468,588.200	0.78%	48.439	284	547,933.000	9.59%	54.454
Milford	1,362,827.200	6.29%	57.498	1,448,609.100	6.29%	57.498	Raynham	706,935.600	7.38%	72.207	163	1,712,489.800	9.30%	75.608
Milbury	581,586.800	-1.38%	46.521	573,552.400	-1.38%	46.521	Reading	1,675,702.200	10.32%	80.527	117	76,809.300	5.39%	51.692
Millis	474,942.000	6.20%	63.327	504,400.400	6.20%	63.327	Rehoboth	636,203.300	5.49%	71.751	165	1,591,345.300	7.37%	76.792
Millville	113,180.900	4.96%	48.845	121,790.300	4.96%	48.845	Revere	1,695,498.900	3.06%	41.844	318	3,748,643.300	12.10%	73.451
Milton	1,811,114.100	4.80%	73.586	1,898,079.500	4.80%	73.586	Richmond	1,72,806.900	5.21%	111.468	59	388,143.800	2.76%	40.628
Monroe	17,687.700	11.82%	175.031	19,778.500	11.82%	175.031	Rochester	289,548.900	5.72%	69.681	173	1,245,904.000	1.08%	64.436
Monson	376,479.200	2.55%	48.568	386,067.700	2.55%	48.568	Rockland	791,190.200	7.80%	49.484	276	185,870.000	9.22%	44.994
Montague	395,147.400	1.97%	48.063	402,912.600	1.97%	48.063	Rockport	772,507.100	8.96%	106.893	65	39,141.100	-1.09%	50.542
Monterey	164,715.400	1.36%	208.437	166,958.100	1.36%	208.437	Rowe	149,715.600	2.29%	406.221	6	29,232.100	5.32%	66.113
Montgomery	48,768.600	51.90%	66.126	51,909.300	6.44%	66.126	Rowley	335,021.400	14.18%	73.622	150	2,187,958.300	8.32%	72.948
Mt. Washington	33,443.200	4.42%	264.546	34,920.100	4.42%	264.546	Royalston	60,049.100	-2.94%	48.448	283	1,450,192.100	8.99%	131.269
Nahant	314,619.700	1.62%	84.540	319,729.600	1.62%	84.540	Russell	76,402.800	0.75%	48.333	285	703,750.400	0.20%	43.829
Nantucket	3,514,157.300	32.81%	642.239	4,667,148.100	32.81%	642.239	Rutland	248,675.200	7.80%	51.546	270	3,914,149.200	9.33%	159.624
Natick	2,655,370.000	18.64%	100.614	3,150,223.500	18.64%	100.614	Salem	2,083,065.400	4.38%	57.204	235	703,867.400	8.73%	282.097
Needham	3,131,771.600	8.42%	122.012	3,395,354.400	8.42%	122.012	Salisbury	525,853.300	7.11%	79.411	120	43,451.100	-5.38%	43.004
New Ashford	18,787.800	7.09%	111.158	20,119.600	7.09%	111.158	Sandisfield	124,267.200	-0.34%	187.366	23	363,518.900	4.36%	85.774
New Bedford	2,950,935.400	-4.12%	29.198	2,829,354.300	-4.12%	29.198	Sandwich	1,486,417.600	11.55%	92.551	89	405,565.700	1.96%	62.414
New Braintree	45,860.800	7.95%	52.950	49,508.700	7.95%	52.950	Saugus	1,886,327.300	5.49%	75.880	136	500,391.300	1.46%	75.281
New Marlborough	198,830.500	-9.24%	142.987	180,449.700	-9.24%	142.987	Savoy	37,415.400	10.98%	54.462	248	184,176.700	6.45%	54.174
New Salem	51,154.400	4.47%	64.776	53,440.200	4.47%	64.776	Scituate	1,498,124.400	7.63%	93.519	87	196,056.100	14.78%	99.085
Newbury	501,494.200	10.11%	92.262	552,185.700	10.11%	92.262	Seekonk	1,018,081.900	3.05%	79.069	122	1,404,520.000	-3.30%	51.854
Newburyport	1,183,744.500	12.93%	80.731	1,336,744.400	12.93%	80.731	Sharon	1,280,919.700	8.14%	83.028	112	149,089.100	5.93%	107.879
Newton	8,906,905.500	11.45%	123.719	9,926,932.200	11.45%	123.719	Sheffield	287,818.300	-2.97%	94.130	85	545,653.900	18.63%	298.444
Norfolk	620,850.200	8.03%	64.562	670,735.300	8.03%	64.562	Shelburne	114,117.800	4.12%	58.621	226	1,416,340.000	17.72%	111.114
N. Adams	446,712.800	-4.97%	26.788	424,508.400	-4.97%	26.788	Sherborn	607,849.500	6.09%	157.011	32	1,675,556.600	2.58%	45.785
N. Andover	1,911,398.400	16.51%	91.706	2,226,893.800	16.51%	91.706	Shirley	248,609.400	4.80%	34.912	334	1,521,187.700	12.09%	91.465
N. Attleborough	1,413,941.100	10.79%	61.313	1,566,548.500	10.79%	61.313	Shrewsbury	1,838,100.900	8.52%	74.509	146	97,686.800	5.56%	67.463
N. Brookfield	191,043.800	-1.60%	39.025	187,984.700	-1.60%	39.025	Shutesbury	109,450.300	4.04%	66.516	183	390,996.800	5.13%	62.644
N. Reading	1,043,098.800	9.66%	88.540	1,143,843.700	9.66%	88.540	Somerset	1,402,462.300	2.61%	81.213	114	2,001,436.800	13.30%	217.048
Northampton	1,470,426.100	8.24%	55.192	1,591,616.500	8.24%	55.192	Somerville	2,805,809.000	13.01%	42.645	315	1,176,255.000	0.63%	84.060
Northborough	984,534.800	12.38%	84.675	1,083,923.400	12.38%	84.675	S. Hadley	798,598.100	-1.01%	46.376	297	1,526,558.900	12.17%	132.384
Northbridge	538,657.200	10.26%	43.376	593,948.400	10.26%	43.376	Southampton	284,198.400	2.34%	59.932	217	2,776,803.700	2.22%	51.752
Northfield	164,051.700	4.92%	59.090	172,129.200	4.92%	59.090	Southborough	836,931.400	17.47%	133.077	41	111,349.700	8.49%	83.257
Norton	762,852.900	11.37%	54.256	849,587.400	11.37%	54.256	Southbridge	524,358.400	5.42%	31.684	338	549,559.400	5.25%	42.087
Norwell	946,606.700	10.82%	108.682	1,049,001.400	10.82%	108.682	Southwick	432,240.900	10.63%	59.735	220	856,219.400	2.86%	70.884
Norwood	2,162,907.600	0.87%	75.496	2,181,758.400	0.87%	75.496	Spencer	482,416.500	1.87%	40.645	321	142,668.500	12.71%	62.014
Oak Bluffs	702,097.000	13.43%	254.592	796,363.900	13.43%	254.592	Springfield	4,097,775.200	-4.00%	26.234	350	495,770.000	6.42%	65.617
Oakham	88,793.000	2.84%	55.614	91,318.500	2.84%	55.614	Sterling	430,076.300	4.96%	65.820	190	1,689,244.100	1.66%	86.409
Orange	239,221.200	2.51%	32.596	245,222.200	2.51%	32.596	Stockbridge	373,855.300	0.16%	160.098	29	321,638.200	1.61%	36.595
Orleans	1,186,800.900	10.51%	212.069	1,311,649.000	10.51%	212.069	Stoneham	1,406,201.000	7.89%	68.551	177	2,258,551.500	8.00%	120.051
Otis	274,263.800	1.47%	299.841	278,289.300	1.47%	299.841	Stoughton	1,457,014.800	9.11%	57.848	231	60,074.800	-1.93%	76.816
Oxford	529,357.600	5.24%	42.743	557,110.200	5.24%	42.743	Stow	470,428.500	6.96%	87.798	101	800,633.400	3.10%	47.700
Palmer	546,694.100	4.49%	47.976	571,254.400	4.49%	47.976	Sturbridge	478,653.000	3.73%	62.763	202	2,687,725.100	1.44%	74.438
Paxton	238,677.600	6.18%	59.980	247,219.600	6.18%	59.980	Sudbury	1,866,486.800	5.36%	129.972	45	5,409,541.600	2.35%	33.283
Peabody	3,330,340.100	4.13%	73.083	3,534,645.400	4.13%	73.083	Sunderland	1,60,751.600	8.44%	49.536	275	79,917.500	6.66%	70.446
Pelham	81,502.400	4.31%	59.533	85,013.400	4.31%	59.533	Sutton	472,689.100	4.99%	67.614	181	657,863.300	19.36%	78.138
Pembroke	963,754.300	9.59%	65.973	1,056,225.200	9.59%	65.973	Swampscott	1,121,853.200	9.04%	89.444	97	2,161,867.200	6.55%	103.129
Pepperell	533,839.800	8.87%	54.799	584,794.400	8.87%	54.799	Swansea	908,797.400	9.17%	63.872	200	825,455.300	3.10%	47.700
Peru	37,080.000	9.50%	53.919	40,601.000	9.50%	53.919	Taunton	2,250,229.800	6.09%	45.966	301	2,726,532.500	1.44%	74.438
Petersham	79,390.700	-3.69%	66.144	76,462.500	-3.69%	66.144	Templeton	258,133.100	5.40%	38.918	328	5,536,578.100	2.35%	33.283
Philliston	75,664.800	4.87%	49.208	79,371.700	4.87%	49.208	Tewksbury	1,830,065.100	8.87%	69.575	174	85,239.900	6.66%	70.446
Pittsfield	1,984,639.200	3.12%	44.190	2,046,640.800	3.12%	44.190	Tisbury	642,116.700	9.50%	703.100	500	785,205.700	19.36%	78.138
Plainfield	46,114.400	12.08%	84.870	51,685.600	12.08%	84.870	Tolland	90,732.900	5.37%	321.915	8	2,303,392.500	6.55%	103.129
Plainville	415,746.300	2.95%	59.135	428,016.300	2.95%	59.135	Topsfield	543,986.200	14.55%	102.184	74	2,726,532.500	1.44%	74.438
Plymouth	3,289,205.600	6.41%	72.421	3,500,046.100	6.41%	72.421	Townsend	411,661.700	3.99%	47.582	290	5,536,578.100	2.35%	33.283
Plympton	161,003.800	7.43%	66.167	172,960.500	7.43%	66.167	Truro	600,002.500	7.79%	374.054	7	79,917.500	6.66%	70.446
Totals							377,222,382.300	408,164,774.800	8.20%					
*formerly Gay Head														

*formerly Gay Head

Table 1

1998 Equalized Valuations

➔ *continued from page three*

using EQVs are: Lottery, Public Libraries (Municipal Equalization Grants), and certain components of Chapter 70 aid. Cherry Sheet charges use EQVs as a factor in determining each municipality's share of County Tax, Mosquito Control and Air Pollution Control District assessments. (More in-depth information on the calculation of all distributions and assessments can be found in the FY1999 Cherry Sheet Manual.)

The lottery aid program, the second largest state aid program, uses EQV per capita based on the current EQVs and population data to determine how the annual lottery aid increases are to be allocated among communities. The 1998 EQVs are not used to redistribute the entire lottery aid, only to allocate the additional aid. In other words, in FY2000, communities will receive the same amount distributed in FY1999 plus their share of the additional aid based on the EQV per capita formula. For FY2000, a \$72.5 million increase in statewide lottery aid has been proposed in the Governor's budget.

Finally, EQVs are used to compute municipal debt limits. The debt limit for cities is calculated at 2.5 percent of the latest EQVs. For towns, it is set at 5 percent of the latest EQVs. Communities may petition the Emergency Finance Board to increase their debt limit up to 5 percent for cities and 10 percent for towns. Although many borrowing purposes (e.g., water projects, landfill closure and certain sewer projects) are outside of this general debt limit, certain of these purposes have specific debt limitations that are also based on EQVs.

Findings

Table 1 lists for each municipality the 1996 EQVs, the 1998 EQVs, the 1998 EQV per capita, and the statewide rank in EQV per capita. In addition, it provides the percentage change in EQVs between 1996 and 1998. The statewide average 1998 EQV per capita was \$66,996 compared with the 1996 state

average of \$62,442, a 7.3 percent change. The town of Chilmark again had the highest 1998 EQV per capita, \$1,184,082, with Gosnold and Aquinah (Gay Head) close behind at \$973,874 and \$834,270, respectively. Communities with very high levels of new development and/or marked appreciation in their real estate market but with relatively stable populations experienced the largest percentage increases in their EQV per capita figures. These included Provincetown (22.01 percent), Berlin (21.44 percent) and Lincoln (20.29 percent).

Figure 1 depicts graphically the change in statewide EQVs between 1988 and 1998 in terms of both actual and 1988 dollars. The fluctuations over the years mirror the rise and fall of the statewide real estate market. As was explained in the methodology section, EQVs are primarily tied to real estate prices of two years earlier. 1990 EQVs reflect the market peak of 1987–1988. This was actually a continuation of a rapidly escalating trend noted in the 1988 EQVs. The decreases in the 1992 and 1994 EQVs parallel the downturn in real estate of the early 1990s. With the 3 per-

cent increase in 1996 EQVs, it would be easy to conclude that the signs of a slight market recovery existed. However, when adjusted for inflation (by using constant 1988 dollars), the 1996 EQVs actually continued a slight downward trend. It is only in the latest 1998 values, with a biennial increase of 4 percent in constant and 8 percent in actual dollars, that a true market turnaround can be seen. It is also interesting to note that the current total adjusted EQVs are still considerably less than those of 1988 and 1990.

Table 2 presents the valuation increase between 1996 and 1998 in greater detail so that geographic and property class differences can be noted. There was an upward trend in values across the state of 8.2 percent, although the extent of the rise varied depending on region. The greatest increases occurred in the eastern part of the state, particularly in the Northeast and on the Cape and Islands. The acceleration of values on Martha's Vineyard (Dukes County) and Nantucket, especially in the residential class, was actually responsible for much of the change in the latter

continued on page seven ➔

Table 2

1996–1998 EQV Percent Change

Region	Counties	Residential percent change	C & I percent change	EQV overall percent change
Northeast	Essex, Middlesex, Suffolk	9.18%	13.51%	10.07%
Southeast	Bristol, Norfolk, Plymouth	7.27%	3.92%	6.83%
Cape	Barnstable, Dukes, Nantucket	11.41%	9.41%	11.39%
Central	Worcester	4.98%	7.23%	5.56%
West	Berkshire, Franklin, Hampden, Hampshire	1.61%	6.46%	2.53%
Totals		7.77%	9.82%	8.20%

DLS UPDATE

New Officials Finance Forum

New officials have an opportunity to gain a broad overview and basic understanding of municipal government and the roles of other local officials. The Division of Local Services is presenting two seminars for recently elected or appointed local finance officials on Friday, May 21, in West Springfield and Friday, June 4, in Framingham. Selectmen, mayors, city/town council members, accountants, auditors, assessors, collectors, treasurers, clerks, finance directors, city/town managers and finance committee members and their staffs are invited to participate. New officials will gain a basic understanding of Proposition 2½, budgeting, setting the tax rate, free cash and reserve and debt policies. The structure of the seminar is intended to encourage a team approach to fiscal management. After a presentation by DLS staff, participants will have the opportunity to work with other local officials to calculate a levy limit and to complete a tax recapitulation sheet.

Participants will return to their communities with knowledge and understanding that should enable them to be effective and efficient members of their local financial management teams. They will know whom to contact at DLS for technical assistance if needed. Attendees will receive written materials, providing an excellent resource. DLS will award certificates to those who complete the seminar.

FY2000 Growth Factors

The Division of Local Services has provided preliminary FY2000 municipal revenue growth factors (MRGF) to the Department of Education (DOE) to be used to calculate the amount of Chapter 70 aid proposed in the Governor's budget (House 1). Both Chapter 70 and the MRGFs may change as a result of the legislative process. Based on statute, the MRGFs are used to increase the local municipal contribution to support schools and the gross standard of effort used to measure ability to pay under the Education Reform Act.

The law provides for a cap on the MRGFs based on the annual percent increase in formula aid for Chapter 70. For FY2000, the factors were capped at 5.55 percent.

The MRGF is an estimate of the percentage change in a municipality's revenue growth for a fiscal year. It represents the combined percentage increase in the following revenue components: automatic 2½ percent increase in the levy limit, estimated new growth, the change in selected unrestricted state aid categories, and the change in selected unrestricted local receipts. The MRGF is the summary of the change in the four components.

Detailed descriptions of the calculation of every community's preliminary FY2000 MRGFs are available on the DLS Web site (see MRGF00.xls). To see a community's numbers, click on the "reports" menu choice. A companion file provides spreadsheets that give the calculations in column format for all 351 cities and towns (see MRGF00C2.xls). For questions call Lisa Juskiewicz or Rick Kingsley at DLS. ■

1998 Equalized Valuations

→ continued from page six

area. Values in these communities jumped 13 percent and 32 percent respectively. The Northeast shift was characterized by a marked increase in the City of Boston's EQVs, especially in the commercial and industrial (C&I) classes. Suffolk County, of which Boston is the primary municipality, experienced a 14.2 percent general increase and a 23.34 percent upswing in C&I values. Overall, the EQVs of the major property classes rose at about the same rate. This is particularly noteworthy since in the last escalating market in the 1980s, residential values significantly outpaced commercial and industrial values. Again regional differ-

ences in class shifts can be seen. The Southeast had less growth in C&I values, primarily because there was practically no increase in those classes in Bristol County. In the West, most counties experienced a greater change in C&I than in residential class values, except for Hampshire county in which C&I increased only slightly.

The changes in EQVs, between 1996 and 1998 and historically, demonstrate vividly the need for the local boards of assessors to monitor the market closely and update values annually as needed. It is especially important to institute such a program in those areas of the

state with lively and fluctuating real estate markets. The overall level of assessment found in 1998 EQVs is well within the Commonwealth's standard of full and fair cash valuation. However, annual updates can help to ameliorate the natural lag that occurs between changes in the real estate market and assessments. Also, because changes occur in different classes at different rates, it can promote even greater property tax equity. ■

written by Regina McArdle and Donna Demirai

1. M.G.L. Ch. 58, Sec 9, 10, 10A, 10B, and 10C.

Municipal Fiscal Calendar

May 1

Taxpayer: *Deadline for Payment of Semi-Annual and Quarterly Tax Bill Without Interest*

Treasurer: *Deadline for Payment of 2nd Half of County Tax*

Accountant/Treasurer: *Notification of Amount of Debt Due in Next Fiscal Year*

May 15

Treasurer: *3rd Quarterly Reconciliation of Cash (due 45 days after end of quarter)*

DOR/BLA: *Commissioner Determines and Certifies Telephone and Telegraph Company Valuations*

June 1

Clerk: *Certification of Appropriations*

Assessors: *Determine Valuation of Other Municipal or District Land*

Opportunities for Training

A *Telecommunications Appraisal Course* will be given on Wednesday, May 19, at the Abington Town Hall. Sessions will be from 8:30 a.m. to 4:30 p.m.

Two *New Officials Finance Forums* will be given. The first will be held at the Best Western Hotel in West Springfield on Friday, May 21, 1999, and the second will be on Friday, June 4, 1999, at the Sheraton Hotel in Framingham. The forums will be from 8:45 a.m. to 3:00 p.m.

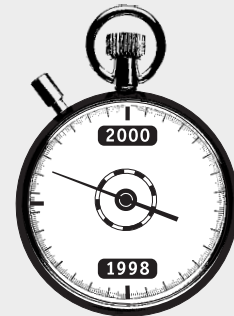
An *Electric Generation, Transmission and Distribution Course* will be given from June 14 through June 17 at the City of Boston Assessing Department, 294 Washington Street Room 534 (The Old South Building), in Boston from 8:30 a.m. to 4:30 p.m.

Contact Training Coordinator Barbara LaVertue at (617) 626-2340 to register or for more information. ■

Our Apologies

The Division of Local Services would like to inform readers that changes made to the *City & Town* mailing list after our March 8 move to Sleeper Street have been lost. Please re-notify DLS of recent address changes by contacting Elaine Lombardi at (617) 626-2337. ■

Countdown to Y2K



City & Town



City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS website at www.state.ma.us/dls or by writing to PO Box 9655, Boston, MA 02114-9655.

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